

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Year 2007
Intended Use Plan

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**IDAHO
DRINKING WATER STATE REVOLVING FUND
STATE FISCAL YEAR 2007
INTENDED USE PLAN**

I. Introduction

On August 6, 1996, the Safe Drinking Water Act (SDWA) Amendments of 1996 (P.L.104-182) were signed into law. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with the SDWA requirements and to protect public health.

Section 1452(b) requires each State to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF and describe how those uses support the goal of protecting public health.

The State of Idaho, Department of Environmental Quality (DEQ) proposes to adopt the following IUP for the State fiscal year (SFY) 2007 (July 1, 2006 through June 30, 2007). The source of federal funding identified in this IUP is the Federal fiscal year (FFY) 2006 Capitalization Grant. The DWSRF is administered by the DEQ Water Quality Division Loan Program, which also administers the Clean Water SRF.

This IUP includes the following:

- A list of prospective loan projects, ranked in priority order, including size of systems, estimated project cost and a project description
- The criteria and methods for distribution of funds
- Short-term and long-term goals of the DWSRF
- DWSRF set-aside activities
- Assurances and specific proposals

Available funding for projects is estimated to be \$29,225,896 as documented in the worksheet on the following page.

Resources:		
Cash (As of April 1, 2006)	\$5,530,398	
EPA Capitalization Grant FFY2001	5,024,733	
State Match	1,456,443	
EPA Capitalization Grant FFY2002	5,556,225	
State Match	1,610,500	
EPA Capitalization Grant FFY2003	5,522,829	
State Match	1,600,820	
EPA Capitalization Grant FFY2004	5,729,139	
State Match	1,600,620	
EPA Capitalization Grant FFY2005	5,716,995	
State Match	1,657,100	
EPA Capitalization Grant FFY2006	5,705,472	
State Match	1,653,760	
Loans Receivable:		
SFY 2006 (4/1/06-6/30/06)	598,524	
SFY 2007	1,513,675	
SFY 2008	1,513,675	
Interest on Cash		
SFY 2006 (4/1/06-6/30/06)	51,029	
SFY 2007	204,119	
SFY 2008	204,119	

Total Resources:		\$52,450,175
Current Remaining Loan Obligations:	(\$24,446,609)	
(Loans in construction less disbursements)		
Addback: 5% Project shrinkage	1,222,330	
(Some projects will self-finance and reduce disbursement requests from the DWSRF)	-----	
Net Remaining Loan Obligations:		(23,224,279)

NET RESOURCES AVAILABLE TO LOAN		\$29,225,896

Key Assumptions:

Projects take 28 months to construct and close from date of loan signing. **Total Resources** for next 27 months to allow best analysis, except for: FFY 2007 DWSRF Capitalization Grant and Match not yet appropriated.

New loan obligations cannot exceed **NET RESOURCES AVAILABLE TO LOAN**. Next projection will be July 1, 2006 or when loans signed from April 1, 2006 forward exceed this amount, whichever event comes first.

II. List of Projects

Attachment III is the SFY 2007 Drinking Water Loan Project Priority List (Project Priority List) which was approved by the Board of Environmental Quality on June 21, 2006. Projects are arranged on the Project Priority List in priority order. The method for determining the priority rating for projects and the public involvement process are described in the latter parts of this document. Projects on the Project Priority List that are not on the IUP (see Attachment II) and are not funded by another agency can be re-rated and carried over to the next SFY Project Priority List.

III. Program Goals

DEQ's long-term Loan Program goals are to:

1. Protect public health of citizens served by drinking water systems by offering financial assistance to construct the most cost effective drinking water facilities. Financial assistance includes below market rate loans and may include principal forgiveness (for disadvantaged communities).
2. Assist public water systems as they strive to achieve and maintain statewide compliance with federal and state drinking water standards. DEQ will provide information and technical assistance in the form of brochures and the quarterly Drinking Water Bulletin, which contains articles on such topics as the DWSRF, operator training and certification, and GWUDI monitoring and treatment technology.
3. Implement a capacity development strategy. The goal of the capacity development program is to ensure that our current capacity to deliver safe, reliable water is not only maintained but is expanded to meet future needs. This goal is facilitated by supporting public water systems in the maintenance and expansion of their technical, financial and managerial capacity.
4. Implement a source water assessment and protection strategy. A source water assessment provides information on the potential threats to public drinking water sources (in Idaho most of those sources are ground water).
5. Manage the Idaho DWSRF to ensure its financial integrity, viability and revolving nature in perpetuity.

DEQ's short-term Loan Program goals are to:

1. Perform the tasks necessary to assure that all appropriate loan assistance requested is provided in a timely manner.
2. Make any changes to Idaho's administrative and operating procedures to facilitate continued long-term DWSRF operations.
3. Make necessary changes to the FFY 2006 Capitalization Grant application, which may include:
 - Application Form 424
 - Operating Agreement
 - Procedures
 - Annual Report
 - Organizational Flow Charts & Descriptions
 - Intended Use Plan
4. Obtain and install new accounting and loan management software.
5. Simplify the accounting structure (by reducing the amount of fund details and program cost accounts) and provide SRF-related cross training for additional Fiscal Office staff.

IV. Information on the Activities to be Supported

A. Allocation of Funds

The primary type of assistance to be provided by the DWSRF is expected to be in the form of low interest loans for up to 100% of project costs. The rate of interest in SFY 2007 will be 3.25% with the exception that, portions of those projects being built to comply with requirements for additional treatment imposed by the SDWA and projects that consolidate two or more drinking water systems will be 2.0%. Some projects may have a blended interest rate between 3.25% and 2.0%. Principal and interest repayments must begin no later than one year after the date the constructed facility initiates operations. All loans, with the exception of disadvantaged loans, will be paid back over a period not to exceed twenty (20) years. Disadvantaged loans may have: repayment schedules of up to thirty (30) years; lower interest rates; and, principal forgiveness (see Attachment V for an explanation of the Disadvantaged Loans program).

B. Loan Eligible Activities

DWSRF loans will provide for construction of water supply, treatment, storage and distribution facilities. SRF loan assistance will be provided to local communities, counties, water districts, and non-profit associations.

DEQ may award any combination of planning, design and construction loans from the

DWSRF.

C. Use of Set-asides

DEQ plans to reserve four percent (4%) or **\$330,752** of the capitalization grant for administrative expenses of the DWSRF. Such activities include, but are not limited to: preparation of project lists; project application, review and monitoring; review of environmental documents; disbursement of loan funds; receipting of loan repayments and administering activities funded from the DWSRF set-asides.

DEQ plans to reserve two percent (2%) or **\$165,376** to provide technical assistance to small public water systems. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or **\$826,880** to supplement the Drinking Water program. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve ten percent (10%) or **\$826,880** of the capitalization grant for wellhead (drinking water) protection. These funds will be utilized for conducting hydrologic, geo-technical, and contaminant susceptibility studies in support of the design and development of drinking water protection plans. In areas where surface or subsurface drinking water has been identified as contaminated, or has been determined to have a high potential for future contamination, DEQ will conduct or oversee the implementation of projects designed to mitigate or reduce the potential for contamination of identified waters. In addition, DEQ will use a portion of this set-aside to provide technical assistance to public water supply systems and local government entities on all aspects of drinking water protection plan development and implementation. None of these funds will be spent until EPA approves a work plan that identifies tasks for which the funds will be used.

DEQ plans to reserve five percent (5%) or **\$413,440** of the capitalization grant for development and implementation of the capacity development strategy. These monies will fund the several capacity development tasks as detailed in the approved workplan. None of these funds will be spent until EPA has approved a work plan that identifies tasks for which the funds will be used.

If the amount of funds reserved is not used in the first year, the excess will be banked and used for the same purposes in future years.

V. Assurances and Specific Proposals

A. Environmental Reviews

DEQ certifies that it will conduct environmental reviews of each project receiving assistance from the DWSRF. DEQ will follow “EPA approved, NEPA-like procedures” in conjunction with environmental reviews.

These procedures are outlined in IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20 - Rules for Administration Department of Environmental Quality of Drinking Water Loan Account.

A more detailed procedural description can also be found in the Drinking Water Loan Account Handbook of Procedures (Chapter 5). Copies of both the Rules and Procedures were included in the application for FFY 97 funds.

B. Binding Commitments

DEQ will enter into binding commitments in an amount equal to each quarterly grant payment and proportional state match within one year of receipt of that payment. Payment dates are listed in Attachment IV of this document.

C. Expeditious and Timely Expenditures

DEQ will strive to expend all funds in the DWSRF in a timely and expeditious manner.

D. State Matching Funds

DEQ agrees to deposit state monies into the DWSRF in an amount equal to twenty percent (20%) of the federal Capitalization Grant on or before the date by which the State of Idaho receives the cash draw from EPA. These funds will be transferred from the State of Idaho Water Pollution Control Account.

E. State Laws and Procedures

DEQ agrees to expend each quarterly grant payment in accordance with applicable state laws and procedures.

F. National Reporting Needs

DEQ agrees to provide data or information to EPA as may be required for national reports, and public or congressional inquiries.

VI. Criteria and Method for Distribution of Funds

Idaho drinking water systems will be queried regularly to obtain information regarding projects for which loan monies could be used. Additional information about potential projects will be obtained from DEQ Regional Office engineers, privately retained consulting engineers and other state and federal agencies. DWSRF monies will be distributed according to the methods, criteria and eligible activities as identified and described in the IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account.

The criteria and methods for distribution of funds are designed to allow maximum flexibility in providing assistance, thereby enhancing the long-term viability and revolving loan aspect of the DWSRF Program.

DEQ will use the priority rating system outlined here for managing the DWSRF program. Only projects on the Project Priority List are eligible for funding. DEQ will use both a List of Fundable Projects (see Attachment II) and a separate Comprehensive Project Priority List (see Attachment III). DEQ will select projects for the List of Fundable Projects starting with the highest rated project on the Comprehensive Project Priority List that is ready to proceed and continue down that list as far as possible in order to use all of the available funds.

DEQ reserves the right to fund lower priority projects over higher priority projects that are not ready or willing to proceed. In such instances DEQ will comply with established by-pass procedures. DEQ may add projects to the List of Fundable Projects due to emergencies such as an unanticipated system failure or a project that is needed to prevent an imminent health threat.

No funding commitment will be made to a project until an engineering report, environmental review and a financial, managerial, and technical assessment have been completed.

The rating criteria used for the SFY 2007 Project Priority List are as follows:

	<u>Points</u>
<u>PUBLIC HEALTH EMERGENCY</u>	
Water borne outbreak, or contaminated source level exceeds unreasonable risk to health, or failed water source	100
<u>PUBLIC HEALTH HAZARD</u>	
Evidence of waterborne illnesses	19
Reports of waterborne illnesses.....	10
High potential for waterborne illnesses.....	5
<u>WATER QUALITY VIOLATION</u>	
Microbiological	
More than 6 primary maximum contaminant level (MCL) violations in preceding 12 months	15
4-6 MCL violations in past 12 months.....	12
2-3 MCL violations in past 12 months.....	9
1 MCL violation in past 12 months.....	6
Positive coliform sample in last 12 months	3
Chemical	
MCL exceeded chronic chemical, radiological or lead.....	15
Action level exceeded for copper.....	11
Violation of secondary drinking water standards.....	8
Does not meet all applicable MCL goals	7
Surface water treatment technique violations	15
<u>GENERAL CONDITIONS OF EXISTING FACILITIES</u>	
	<u>Points</u>
Necessary water treatment facilities either do not exist, are not functioning or do not meet Idaho drinking water rules.....	14
Ground water sources are not developed or protected according to the rules	10

Source capacity is not adequate to meet demand and the system occasionally goes dry or has low pressure	10
Storage, pumping and distribution facilities have inadequate capacity to meet demand.....	10
Facilities have inadequate capacity and cannot meet current demand.....	10
Existing storage tanks leak excessively or are structurally flawed	5
Pipe leak repair greater than 4 leaks per 100 connections per year	2

OVERALL URGENCY (Only 1 selected)

System out of water, no water to flush toilets	10
Water delivered cannot be rendered safe by boiling	10
Water delivered can be rendered safe by boiling	5
System occasionally out of water	5

UNDER CONSENT OR ADMINISTRATIVE ORDER..... 30

INCENTIVES

Source water assessment	2
Protective zone	2
Master or facility plan complete.....	2
Replacement fund established	2
Consolidation plan in place	2
Active back flow program in place	2
Conservation oriented rate structure (meters)	2
Current on all monitoring requirements	2

AFFORDABILITY

Project user charge exceeds affordable criteria.....	10
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VII. Additional Information Requirements

A. Public Review and Comment

The IUP contents including the Project Priority List were subjected to a thorough public participation process. Draft Project Priority Lists were mailed to public water systems. Regional office staff made personal contact with drinking water systems in their respective areas that had indicated interest. Draft Project Priority Lists were also disseminated to all state and federal agencies involved in infrastructure financing. Those agencies, including Rural Development, Economic Development Agency, Idaho Department of Water Resources and Idaho Department of Commerce and Labor (Community Development Block Grants) meet quarterly to discuss potential projects.

In addition to the above, the draft Intended Use Plan including the List of Fundable Projects and the Project Priority List was posted on the DEQ website and notices inviting comment were published in the major newspapers of the state during the comment period.

A summary of the public participation process is included as Attachment VI.

Projects from the SFY 2007 Project Priority List for which DEQ intends to provide loan funding, are identified on the List of Fundable Projects on Attachment II.

The Board of Environmental Quality adopted the SFY 2007 Project Priority List and the List of Fundable Projects on June 22, 2006.

B. Bypass Procedures

A project that does not or will not meet the project target date or a DEQ schedule that allows for timely utilization of loan funds may be bypassed, substituting in its place the next highest ranking project(s) that is ready to proceed, as identified and described in the IDAHO ADMINISTRATIVE CODE IDAPA 58.01.20 - Rules for Administration of Drinking Water Loan Account. DEQ intends to utilize Project Priority List ranking as much as possible when preparing the Intended Use Plan. However the lack of adequate funding, changes in project scope, failure to pass a bond election, or other unforeseen circumstances may require that a project on the Intended Use Plan be bypassed. If a project is bypassed, DEQ will offer loan funds to the highest ranked, ready-to-proceed project from the most current approved Project Priority List.

ATTACHMENT I

**IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FUNDING BREAKDOWN
FFY 2006 Allotment = \$8,268,800**

	Available Funds	Set-asides	Available for the DWSRF
<u>Federal Capitalization Funds</u>			
4% Program Administration 1452(g)	\$330,752	(\$330,752)	\$0
2% Technical Assistance 1452(g)	165,376	(165,376)	0
10% PWSS Funding 1452(g)	826,880	(826,880)	0
10% Wellhead Protection 1452(k)	826,880	(826,880)	0
5% Capacity Development 1452(k)	413,440	(413,440)	0
Available for Loan Projects	5,705,472		5,705,472
Total Capitalization Grant	8,268,800	(2,563,328)	\$5,705,472
 State Match	 1,653,760	 -	 1,653,760
 Additional Available Funds	 21,866,664	 -	 21,866,664
 Total Available for DWSRF Loans	 \$31,789,224	 (\$2,563,328)	 \$29,225,896

State of Idaho
Drinking Water State Revolving Fund
State Fiscal Year 2007
Fundable Projects and Priority List

LIST OF FUNDABLE DRINKING WATER LOAN PROJECTS

Project Name	Rank	System Type	Loan Amount	Estimated Commitment Date
Warm Lake Recreational Water District	3	PNP	400,000	4/1/2007
City of Fruitland	4	P	5,000,000	8/1/2006
Desert View Estates Water Corporation	6	PNP	2,000,000	8/1/2006
City of Castleford	11	P	606,000	8/1/2006
Falls Water Company	12	FP	1,200,000	7/1/2006
Clearwater Water District	13	PNP	450,000	4/1/2007
City of Cambridge	14	P	250,000	7/1/2006
City of Inkom	20	P	1,000,000	9/1/2006
Atomic City	24	P	700,000	8/1/2006
City of Buhl	25	P	7,002,291	5/1/2007
Bear Lake West	26	PNP	950,000	9/1/2006
City of Nampa	*34	P	5,000,000	8/1/2006
Sagle Valley Water & Sewer District	*40	PNP	1,832,975	10/1/2006
Splendid Acres Water Association	*45	PNP	244,630	10/1/2006
City of Eagle	*48	P	2,590,000	7/1/2006
			<u>\$29,225,896</u>	

** NOTE: Projects with an asterisk in the "Rank" column are carried over from fiscal year's 2006 list. These communities had began the loan application process during fiscal year 2006; however, the loan process was not completed during the same year and so the projects were carried forward. The number following the asterisk is the entity's ranking on the FY 2007 Priority List*

P = Public system PNP = Private Non-profit system FP = Private For-profit system

This list contains projects that are the highest rated that are ready to proceed. Projects on this fundable list may be bypassed if they do not complete an engineering report that complies with DEQ requirements or do not meet DEQ requirements for financial, managerial and technical capability. A description of each of the projects listed above is provided on the following pages.

LIST OF FUNDABLE PROJECTS - PROJECT DESCRIPTIONS

Warm Lake Recreational WD	(Valley County, Boise Regional Office)	\$400,000
#3 on the Project Priority List. The District will expand capacity (currently under a boil order and working through a Consent Order).		
City of Fruitland	(Payette County, Boise Regional Office)	\$5,000,000
#4 on the Project Priority List. The City of Fruitland will use the loan to comply with arsenic and nitrate reductions, while enhancing storage capabilities and pumping facilities.		
Desert View Estates Water Corp.	(Ada County, Boise Regional Office)	\$2,000,000
#6 on the Project Priority List. DesertView Estates will use the loan funds to reduce uranium levels in their drinking water.		
City of Castleford	(Twin Falls County, Twin Falls Regional Office)	\$606,000
#11 on the Project Priority List. The City previously received a DEQ Drinking Water Planning Grant in 2004 to develop their facilities plan. This project would provide resources for the City to upgrade the capacity of their existing system in order to remove arsenic and also to provide additional storage and upgrade distribution lines.		
Falls Water Company	(Bonneville County, Idaho Falls Regional Office)	\$1,200,000
#12 on the Project Priority List. The Falls Water Co. previously received a DEQ Drinking Water Planning Grant in 2003, and has completed the first upgrade to the supply, treatment, pumping, storage, and distribution components of their system. This second project will increase storage as well as correct low pressure problems and dead-end lines in another part of the system.		
Clearwater Water District	(Idaho County, Lewiston Regional Office)	\$450,000
#13 on the Project Priority List. The District will use the loan to design and construct improvements to their existing filter system to meet turbidity standards.		
City of Cambridge	(Washington County, Boise Regional Office)	\$250,000
#14 on the Project Priority List. The loan will provide funding to design and construct improvements to their water supply, storage and distribution system bringing the system into compliance with arsenic guidelines.		
City of Inkom	(Bannock County, Pocatello Regional Office)	\$1,000,000
#20 on the Project Priority List. The loan will provide funding to design and construct improvements to their water supply, allow for the installation of meters, improve storage and enable the treatment of copper.		
Atomic City	(Bingham County, Pocatello Regional Office)	\$700,000
#24 on the Project Priority List. Atomic City will use the loan to upgrade its well, replace the distribution system, add a new reservoir, add meters and a new booster pump.		
City of Buhl	(Twin Falls County, Twin Falls Regional Office)	\$7,002,291
#25 on the Project Priority List. The City will be able to comply with the Arsenic Rule and will be able to install additional capacity to accommodate growth.		
Bear Lake West HOA	(Bear Lake County, Pocatello Regional Office)	\$950,000

#26 on the Project Priority List. The Homeowner's Association will address the lack of a back-up well, improve treatment and storage, make distribution system improvements and upgrade the fire system.

City of Nampa (Canyon County, Boise Regional Office) \$5,000,000

Carried forward from the fiscal year 2006 Project Priority List (listed #34 on the 2007 Project Priority List). The City of Nampa will construct a new 3MG storage tank and related transmission trunk.

Sagle Valley Water & Sewer District (Bonner County, Coeur d'Alene Regional Office) \$1,832,975

Carried forward from the fiscal year 2006 Project Priority List (listed #40 on the 2007 Project Priority List). The District will use the loan to merge existing systems into a single system and expand system capacity.

Splendid Acres Drinking Water System (Elmore County, Boise Regional Office) \$244,630

Carried forward from the fiscal year 2006 Project Priority List (listed #45 on the 2007 Project Priority List). The System will use the loan proceeds to make storage and system upgrades.

City of Eagle Drinking Water System (Ada County, Boise Regional Office) \$2,590,000

Carried forward from the fiscal year 2006 Project Priority List (listed #48 on the 2007 Project Priority List). The City will develop adequate emergency capacity by developing two new wells and constructing an elevated reservoir. Additionally, the City will install a standby power source.

Comprehensive FY 2007 Drinking Water Loan Priority Listing

ATTACHMENT III

Rank	Project	FY 2007 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
1	Grand View Water and Sewer Assoc.	209	ID3370010	470	BRO	\$110,000	Arsenic abatement
2	Country Club 3 Subdivision	207	ID3140022	28	BRO	\$100,000	Source development and nitrate abatement
3	Warm Lake Recreational Water District	206	ID4430054	72	BRO	\$400,000	Source development, system upgrades and resolution of surface water treatment violations
4	City of Fruitland	205	ID3380005	4,250	BRO	\$5,000,000	Arsenic abatement and storage.
5	Garden Valley Ranchettes	203	ID4080018	28	BRO	\$110,000	Flouride abatement, storage.
6	Desert View Estates Water Corporation	201	ID4010042	650	BRO	\$2,000,000	Uranium abatement.
7	East Lizard Butte Water Corporation	197	ID3140042	55	BRO	\$110,000	Arsenic abatement
8	Country Club 2 Subdivision	197	ID3140021	35	BRO	\$100,000	Nitrate abatement, source development.
9	City of Teton	197	ID7220072	583	IFRO	\$400,000	Further evaluation of arsenic removal and treatment, source development, installation of meters, booster pump and distribution system improvements .
10	Yellow Pine Water Users, Inc.	165	ID4430059	75	BRO	\$90,000	Replace sand filter and install storage to provide needed capacity and sufficient contact time.
11	City of Castleford	128	ID5420010	300	TFRO	\$606,000	Installation of arsenic treatment, storage tank and water distribution improvements.
12	Falls Water Company	109	ID7100030	9,570	IFRO	\$1,200,000	Increase supply & storage, correct low pressure problems by replacing undersized and dead-in lines.
13	Clearwater Water District	109	ID2250011	100	LRO	\$450,000	Amend/reconstruct existing water filter to meet turbidity standards.
14	City of Cambridge	106	ID3440002	341	BRO	\$250,000	Arsenic abatement and storage.
15	City of Twin Falls Water System	105	ID5420058	38,314	TFRO	\$10,000,000	Installation of central arsenic treatment and water distribution improvements
16	City of New Plymouth	105	ID3380008	1,400	BRO	\$750,000	Arsenic abatement and storage.
17	Ranch Subdivision Property Owners Assoc.	102	ID4080036	54	BRO	\$30,000	Arsenic abatement
18	Elm Park Water System	101	ID5420020	400	TFRO	\$250,000	Installation of arsenic POU devices and distribution improvements.
19	Rock Creek Mobile Home Park	99	ID5420024	180	TFRO	\$200,000	Consolidation project onto the existing city of Twin Falls water system for compliance with the 2006 arsenic rule.
20	City of Inkom	93	ID6030025	770	PRO	\$1,000,000	Copper treatment, upgrades to distribution system, storage and installation of water meters.

Comprehensive FY 2007 Drinking Water Loan Priority Listing

ATTACHMENT III

Rank	Project	FY 2007 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
21	E. Shoshone County Water District-Burke	89	ID1400016	40	CRO	\$225,000	SWTR compliance and replacement of distribution system.
22	Hampton Homes Home Owners Assoc.	87	ID4010071	95	BRO	\$110,000	Arsenic abatement
23	Kingston Water District #1	86	ID1400030	700	CRO	\$5,600,000	Install Filtration or Well (SWTR) and Corrosion Control (SDWA)
24	Atomic City	79	ID6060003	30	PRO	\$700,000	Source development, inadequate pressure, inadequate storage, upgrades to distribution system
25	City of Buhl	75	ID5420007	4,107	TFRO	\$9,000,000	City is out of compliance with the 2006 Arsenic Rule and planning to install additional facilities for compliance.
26	Bear Lake West HOA	74	ID6040005	300	PRO	\$950,000	Correction of deficiencies due to no backup well, treatment system improvements, storage, fire system upgrade and distribution system improvements
27	Purple Sage Mobile Manor	74	ID3140091	185	BRO	\$250,000	Storage and source development
28	City of Priest River	72	ID1090107	2,200	CRO	\$8,000,000	New storage reservoir, new GW source, upgrade distribution system.
29	McCammon	72	ID6030038	850	PRO	\$800,000	Water system improvements
30	Whitney/Nashville	60	ID6210020	400	PRO	\$150,000	Reconstruction of spring
31	Meadows Park Water Users Assoc.	54	ID3020011	26	BRO	\$12,000	Source development, system upgrades resulting from bacteriological contamination
32	City of Bellevue	52	ID5070004	2,700	TFRO	\$6,000,000	New groundwater source, distribution upsizing and potentially additional storage.
33	City of Ammon	48	ID7100030	9,763	IFRO	\$13,000,000	Increase supply & storage, correct low pressure problems by replacing undersized and dead-in lines.
34	City of Nampa Drinking Water System	47	ID3140080	75,000	BRO	\$5,000,000	Additional storage and fire protection
35	City of Nezperce	46	ID2310005	500	LRO	\$275,000	Complete Plan and implement findings as needed to replace/repair leaking distribution system.
36	City Of St Anthony	43	ID7220067	3,414	IFRO	\$5,000,000	Increase supply & storage, correct low pressure problems by replacing undersized and dead-in lines.
37	Meander Point Water System	42	ID5420040	140	TFRO	\$2,800,000	Additional groundwater source, storage and distribution system upsizing.
38	City of Driggs	39	ID7310004	1,500	IFRO	\$500,000	Correct low pressure problems by replacing undersized and dead-in lines.
39	City of Meridian	37	ID4010097	57,000	BRO	\$3,000,000	Storage and fire protection
40	Sagle Valley W&S District	36	ID1090118	500	CRO	\$1,800,000	Correct distribution line inadequacies and expand the system to provide for regionalization opportunities.

Comprehensive FY 2007 Drinking Water Loan Priority Listing

ATTACHMENT III

Rank	Project	FY 2007 Rating	PWS	POP	Regional Office	DEQ Est. Loan Amt.	Project Description
41	City of Filer Water System	36	ID5420021	1,830	TFRO	\$650,000	Construct dedicated supply line from pump station two to storage tank number one due to new arsenic rule.
42	City of Wendell Water System	35	ID5240028	2,335	TFRO	\$2,500,000	Disinfection facility installations and distribution system replacements.
43	Arimo	35	ID6030002	333	PRO	\$278,225	Distribution system upgrades
44	Star Sewer and Water District	34	ID4010220	4,200	BRO	\$840,000	Storage and fire protection
45	Splendid Acres Water Association	33	ID4200048	90	BRO	\$244,630	Storage, system upgrades.
46	City of Kuna Water System	32	ID4010085	10,832	BRO	\$4,500,000	Storage and fire protection
47	City of Fairfield Water System	32	ID5130001	450	TFRO	\$200,000	Well house, disinfection, distribution and control system improvements projects.
48	City of Eagle	30	ID4010201	3,750	BRO	\$2,590,000	Develop second water source and build a water storage tank
49	City of Heyburn Water System	29	ID5340006	2,800	TFRO	\$1,000,000	Distribution system upsizing and potentially additional storage.
50	Santa W&S District	28	ID1050023	150	CRO	\$100,000	Bring a 2nd well on-line, upgrade the distribution system and metering.
51	Rockford Bay Summer Homes Water	26	ID1280158	50	CRO	\$300,000	Source development, distribution system improvements and inadequate storage
52	Moyie Springs, city of	26	ID1110021	656	CRO	\$300,000	Upgrade the source capacity and storage for improved fire protection and to meet growth demands.
53	Pine Ridge Water & Sewer District	23	ID2250134	300	LRO	\$250,000	System currently has 30% unaccounted for water. Need to replace/repair leaking distribution system.
54	City of Richfield Water System	20	ID5320005	429	TFRO	\$500,000	Additional groundwater source, storage and distribution system upsizing.
55	Cold Springs Water System	18	ID5070015	500	TFRO	\$250,000	Potentially new groundwater source, additional storage capacity and water distribution improvements.
56	Northside Water User's Assoc Inc.	4	ID1090090	350	CRO	\$60,000	Extend main transmission line to part of system currently cut off by highway.

WARNING: USE OF THIS LIST AS A MAILING LIST OR AS A TELEPHONE NUMBER LIST IS PROHIBITED BY IDAHO CODE

**IDAHO
DRINKING WATER STATE REVOLVING LOAN FUND
FFY 2006 PROJECT PAYMENT SCHEDULE**

Payment #	Quarter Ending	Project Fund Payments	Set-Aside Payments	Total Payments
1	September 2006	\$5,716,995*	\$1,925,557	\$7,642,552
2	December 2006	0	212,591	212,591
3	March 2007	500,000	212,590	712,590
4	June 2007	500,000	212,590	712,590
5	September 2007	1,000,000	0	1,000,000
6	December 2007	1,000,000	0	1,000,000
7	March 2008	1,000,000	0	1,000,000
8	June 2008	1,705,472	0	1,705,472
Total		\$11,422,467	\$2,563,328	\$13,985,795

A payment is defined as an increase to the ceiling in the Automated Clearinghouse Payment System. Commitments cannot be made until the ceiling on the letter of credit is adequate to cover that commitment.

Each payment is for the beginning of each quarter with planned commitments to be made through the end of that quarter. Each payment must be committed within one year of the payment date, in accordance with the Safe Drinking Water Act of 1996.

* NOTE: Payment expected for the quarter ending September of 2006 is contingent upon the EPA releasing the withheld capitalization grant for federal fiscal year 2005.

**IDAHO
DRINKING WATER REVOLVING LOAN FUND
DESCRIPTION OF DISADVANTAGED LOANS**

In conjunction with the standard loans, the Department may award loans to applicants deemed disadvantaged using the following criteria. In order to qualify for a disadvantaged loan, a loan applicant must have a median household income that does not exceed 80% of the statewide non-metropolitan median household income from the most recent census data and an annual cost of drinking water service for residential customers which exceeds 2% of the median household income. The annual cost includes all operating, maintenance, replacement and debt service costs, both for the existing system and upgrades being financed with state revolving funds. If the applicant's service area is not within the boundaries of a municipality, the applicant may use the census data for the county in which it is located.

First the loan interest rate will be reduced from the rate established by the Administrator for standard loans to a rate that results in an annual charge equal to 2% of median household income.

The interest rate reduction may be as low as 0%. If at a 0% and a 20 year repayment the annual charge exceeds 2% of median household income, the length of the loan repayment will be extended in increments of years up to a maximum of 30 years until the annual cost equals 2% of median household income. If at 0% interest and a 30-year repayment, the annual charge per residential user still exceeds 2% of median household income, the principal which causes the user charge to exceed 2% may be reduced. Before an applicant's principal will be reduced, the applicant must have been either declined assistance or only received partial assistance from all other state and federal agencies offering grants. The principal reduction cannot exceed 50% of the cost of an individual project. The amount of principal reduction for all projects cannot exceed 30% of the capitalization grant or \$2,480,640.

ATTACHMENT VI

PUBLIC NOTIFICATION AND INVOLVEMENT STRATEGY

FOR

FY 2007 WASTEWATER AND DRINKING WATER PRIORITY LISTS

The public was involved in the FY2007 priority list development at several points in the process. Involvement for the drinking water and water pollution control lists were the same: needs were solicited directly from the systems through a letter of interest mailed out by the DEQ early in the priority list process. Information on the completed letter of interest forms was used in part by the State and Regional office staff in preparing draft lists. A copy of the letter of interest form and the cover letter that was sent with it are included as attachments here. We are finding that combining information obtained directly from eligible entities with that provided by our engineering staff results in the most accurate listing of infrastructure needs.

Notification that all four FY2007 priority lists were available for public review was given in Idaho's six major (regional) newspapers for approximately twenty-one days. Notices were published three times in each of the newspapers. Copies of proofs of publication are included as attachments here.

Notification of availability of the lists was also placed on DEQ's web site from May 2 – 26, 2006. A copy of the web site cover page is included here.

Approval packages related to the four lists were sent to the Board of Environmental Quality prior to their meeting on June 22, 2006. Copies of the Issue Analyses for the SRF loan lists and the Board agenda are included as attachments here. DEQ staff made presentations at the Board meeting on June 22, 2006 and answered questions about the lists. The Board approved all lists on June 22, 2006.

ATTACHMENT VII

**IDAHO
DRINKING WATER REVOLVING LOAN FUND
DOCUMENTATION OF MATCHING FUNDS FOR SET-ASIDES**

State match required for the 1452(g) set-asides	\$822,930
Federal fiscal year 2006 State funds applied towards PWSS program:	\$1,394,091
Required match for PWSS grant:	<u>(385,633)</u>
Over-match available from Federal fiscal year 2005 funds	\$1,008,458
State fiscal year 1993 funds applied to PWSS program:	\$892,674
Total available for State match	\$1,901,132

More match is available than is needed since only \$822,930 is needed for the match. 50% (\$411,465) will come from the Federal fiscal year 2004 over-match and 50% (\$411,465) will come from the State fiscal year 1993 credit. Expenditure of Federal fiscal year 2005 over-match will be documented in the Financial Status Reports (FSRs) submitted for the PWSS program.